



**MINUTES OF THE AUDIT COMMITTEE
5 DECEMBER 2017
BOARDROOM, CHELTENHAM CAMPUS**

Present: Mr C Baldwin (Chair)
Mr A Dover (Co-opted)
Ms K Randall (Co-opted)
Mr K Rog (External Member)

In Attendance: Mr M Burgess Principal
Mr A Bates Chief Financial Officer
Dr J Kettle VP, Curriculum & Quality
Ms C Massey Project Manager
Mr N Pratt Head of Data Management
Mr S Lawrence Hazlewoods
Mr S Winter ICCA
Ms J Cosson Clerk to Governors

Attendance: 100%

PRELIMINARIES		ACTION
50/17	Opportunity for Private Business (including with Auditors if required)	
	Members met with the Internal and External Auditors in the absence of members of the Executive. Members and Auditors confirmed that there were no matters of concern that they wished to raise with the Executive.	
51/17	Apologies	
	None. It was noted that, following the resignation of Gillian Hayes from the Board, an External Member was required to attend under the emergency quorum provisions. Keith Rog attended in this capacity.	
52/17	Declarations of Interest	
	None, other than those standing declarations currently recorded on the Register of Interests.	
53/17	Confidentiality of Items	
	As marked, due to their commercially sensitive nature, for a period of two years.	



54/17	Minutes of the meeting of 4 October 2017	
	The minutes of the meeting of 4 October 2017 were approved and signed as a true record by the Chair.	
55/17	Matters Arising from the Minutes and Actions Matrix	
	<p>Members were provided with an Actions Matrix and noted the status of each item.</p> <p>The Chair tabled a paper setting out the proposed objectives for the Committee for the year as follows:</p> <ol style="list-style-type: none"> 1. To ensure a common understanding of risk and risk management as it pertains to the College and to ensure the College establishes a regular / annual process of educational refresher training for all Executive, key operational staff and Governors, to include agreeing risk tolerance thresholds and appetite. 2. To ensure Committee members maintain and increase their understanding of the College's key internal control frameworks through the receipt of appropriate MI and by any other available means (i.e. beyond the understanding provided by the Internal and External Audit processes), ensuring controls remain adequate and appropriate and monitoring the effectiveness and efficiency of process and procedure, compliance with regulation and legislation and the robustness of financial reporting. 3. To ensure alignment of the annual Internal Audit plan, particularly the scoping of specific audit engagements, with the needs of the College and to maximise the benefit derived from audit work. <p>RESOLVED: The Committee objectives were agreed.</p>	
KEY BUSINESS		
56/17	External Audit Findings Report and Letters of Representation – confidential	
	<p>SL presented the Audit Findings Report on behalf of the External Auditors, Hazlewoods.</p> <p>SL confirmed that the audit had gone smoothly and to schedule. This was the second year of audit by Hazlewoods. Continuity of the audit partner and manager had been retained and their report was in a similar format to the previous year's report.</p> <p>RESOLVED: The Committee noted the Audit Findings Report and approved it for recommendation to the Board.</p>	CB



	<p>ACTION: Financial Workshop planned for Governors/Executive in Spring to explain Financial Statements.</p> <p>Fixed Asset Register to be tidied up for next year.</p>	<p>AB</p> <p>PS</p>
57/17	<p>Recommendation of Draft Financial Statements 2016/17 and Letters of Support, and recommendation to Board:</p> <ul style="list-style-type: none">• GC• GFM• Betaris• NCD	
	<p>AB presented the draft Financial Statements of the College and the subsidiary companies. These had been scrutinised by BRC at their recent meeting. There had been no adjustments to the figures provided to the Auditors.</p> <p>It was noted that both GFM and NCD are technically insolvent and require a Letter of Support from the College.</p> <p>RESOLVED/ACTION: The Committee noted the Financial Statements and the Letter of Representation and approved them for recommendation to the Board.</p> <p>The Committee conveyed thanks to the College Finance team and the External Auditors for their work.</p>	<p>CB</p>
58/17	<p>Internal Audit Reports 2017/18 – Term 1 – confidential:</p>	
	<p>SW presented the following Reports:</p> <p>Final Reports:</p> <ul style="list-style-type: none">• Readiness for Compliance with the General Data Protection Regulations (GDPR)• Incident / Business Continuity Management• Post Recruitment Responsiveness – Timetabling, Group Size and Control over Agency Costs• Capital Project – New Forest of Dean Campus• Annual Internal Audit Report 2016/17• Internal Audit Plan Progress Report 2017/18 <p>RESOLVED: The Committee noted the reports and commented on the valuable work carried out by the Internal Audit Service.</p> <p>ACTION: College to report back on progress with GDPR implementation in February.</p>	<p>NP/CM</p>



59/17	Annual Risk Management Report and Review of Risk Register - confidential	
	<p>JK presented the Annual Risk Management Report and Review of the Risk Register.</p> <p>The Annual Report set out the College’s approach to the management of strategic risk during 2016/17. This is outlined in the Risk Management Policy which is reviewed on an annual basis. This outlines the requirement for strategic risks to be identified and reviewed using a Risk Register, incorporating a scoring system which RAG rates identified risks based on ‘likelihood’ and ‘impact’.</p> <p>The Risk Register was considered and up-dated by the Executive at regular intervals throughout 2016/17 and was subject to scrutiny at each Audit Committee Meeting, with subsequent reports to the Board.</p> <p>The College’s approach to the management of strategic risk during 2016/17 also incorporated a rigorous internal audit schedule that encompassed a wide range of activities. The full schedule of internal audit activities for 2016/17 and related outcomes was reported to the Audit Committee in October 2017 and the associated Annual Report approved above.</p> <p>An analysis of the Risk Register provides assurance that during 2016/17, positive action was taken to address all identified risks.</p> <p>RESOLVED: Members approved the Risk Management Annual Report and review of the Risk Register for recommendation to the Board.</p>	CB
60/17	<p>Annual Accountability Report covering - confidential:</p> <ul style="list-style-type: none"> • Data Protection • Freedom of Information • Whistleblowing • Anti-Bribery – Conflicts of Interest and Receipt of Gifts and Hospitality • Anti-Fraud and Corruption 	
	<p>The Committee considered the Annual Accountability Report for the financial year 2016/17 in the light of the Audit’s Committee’s responsibility to oversee the corporation’s policies on fraud, irregularity and whistleblowing under the Post 16 ACOP.</p> <p>RESOLVED: The Committee noted the contents of the report, which were referred to in the Annual Audit Committee report to the Board and in the Regularity Self-Assessment Questionnaire.</p>	



61/17 62/17	Regularity Self-Assessment Questionnaire and Draft Annual Report of Audit Committee to Board	
	<p>Members considered these documents together.</p> <p>The Regularity Self-Assessment Questionnaire had been had been comprehensively reviewed by the Clerk and the Financial Controller this year. Members appreciated being shown the changes to the Questionnaire from last year and the thorough review of the College's responses.</p> <p>The Committee found the Regularity Self-Assessment a useful tool in providing evidence to demonstrate compliance with regulation and approved the document for recommendation to the Board.</p> <p>The Committee is required to provide an Annual Report to the Board to summarise its activities during the year. This is part of the process of providing the Board with its opinion on the adequacy and effectiveness of the College's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.</p> <p>Members considered the draft report, which had been prepared by the Clerk using a slightly revised format this year.</p> <p>It was noted that the Code of Good Governance requires that:</p> <p><i>The Board must ensure effective arrangements are in place for the management and quality assurance of data. This assurance should include a statement on data quality from the Audit Committee.</i></p> <p>Members discussed how data quality is monitored and assured. It was agreed that this is mainly picked up through the annual Internal Audit of learner records, which received substantial assurance. It is also picked up through Subcontracting Audits, Funding Audits and External Audit.</p> <p>RESOLVED: The Regularity Self-Assessment Questionnaire and Audit Committee Annual Report to the Board were approved for recommendation to the Board at their next meeting.</p>	
		CB
	ROUTINE BUSINESS	
63/17	Review of Audit Recommendations Register - confidential	



	<p>Members reviewed the Audit Recommendations Register and received updates from AB as to the current status of each item.</p> <p>All items are on track to be completed although evidence of completion is not available yet, hence they remain on the Register. It was noted that dates are now more realistic and AB is reviewing the actions with managers before reverting to ICCA.</p> <p>RESOLVED: The Committee noted the updates to the Audit Recommendations Register and were pleased with the improving status. The Committee approved the removal of the completed items.</p>	
64/17	Management Update on Reportable Events: fraud; litigation; grievances; whistleblowing; control weakness - confidential	
	AB reported that no such matters had arisen since the last meeting.	
65/17	<p>Approval of Policies:</p> <ul style="list-style-type: none"> • Risk Management • Receipt of Gifts and Hospitality • Anti-Bribery • Anti-Fraud and Corruption • Whistleblowing 	
	Members reviewed and approved the above policies.	
66/17	Regulatory Developments	
	<p>JC reported that the College had received a termly letter from the FE Commissioner and a new Intervention Policy and expansion of the FE Commissioner's role had been published in November. These would be reported to the full Board meeting.</p> <p>Also, the College had received a letter from P Lauener addressed to the Principal. MB reported that the College intends to work through the points raised in the letter and report to the next Audit Committee meeting to provide reassurance in those areas.</p> <p>ACTION: AB to report to February 2018 Audit meeting on the College's response to the matters raised in P Lauener's letter.</p>	AB
67/17	Key Items for GC Board - confidential	
	The Key Items for Board report was completed noting the risks to be added/highlighted on the Risk Register.	



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OTHER		
68/17	Any Other Business	
	The meeting discussed a change of personnel at ICCA and Executive responsibility for the Risk Register when JK leaves the College.	
69/17	Date and time of next meeting: 27 February 2018 at 5.00pm, Cheltenham	
70/17	Members only item - Appointment of Auditors	
	<ul style="list-style-type: none">• Auditors:<ul style="list-style-type: none">○ Review of performance of Auditors and KPIs for next year○ Review of appointment/reappointment/dismissal of Auditors for next year	
	<p>The Committee discussed the performance of the Auditors in their absence. The Executive confirmed that they were satisfied with the performance of both Auditors.</p> <p>RESOLVED: That the Committee recommend to the Board the re-appointment of ICCA and Hazlewoods as Internal Auditors and External Auditors respectively for the year 2017/18.</p>	CB

Signed.....

Date..... 27-2-18